

## RED BACK MINING MAR QTR 09: STRENGTHENING BALANCE SHEET

	Mar Qtr	Dec Qtr	Change
<b>Operational</b>			
Production (oz)	70,408	72,664	-3%
Head Grade (g/t)	2.51	2.70	-7%
<b>Average Gold Price (US\$/oz)</b>	<b>917</b>	<b>786</b>	<b>17%</b>
Cash Operating Cost (US\$/oz)	414	437	-5%
Development Cost (US\$/oz)	149	133	12%
<b>Total Cash Cost (US\$/oz)</b>	<b>563</b>	<b>570</b>	<b>-1%</b>
<b>Gross Margin (US\$/oz)</b>	<b>354</b>	<b>216</b>	<b>64%</b>
<b>Investment</b>			
Capital Expenditure (US\$/oz) ^	435	596	
Exploration/Evaluation (US\$/oz)	38	48	
<b>Total Investment (US\$/oz)</b>	<b>473</b>	<b>644</b>	
<b>Extraordinary Investment</b>			
Buy (Sell) Marketable Equities (US\$/oz)	- 374	-	
<b>Total Extraordinary Investment (US\$/oz)</b>	<b>- 374</b>	<b>-</b>	
<b>Corporate</b>			
Net Finance Cost (Revenue) (US\$/oz)	- 1	6	
General Administration (US\$/oz)	18	48	
<b>Total Corporate Costs (US\$/oz)</b>	<b>18</b>	<b>53</b>	<b>67%</b>
<b>Cash Surplus (Deficit) (US\$/oz)</b>	<b>237</b>	<b>- 482</b>	
<b>Balance Sheet</b>			
Cash Balance (US\$m)	134.7	22.2	507%
Marketable Investments (US\$m)	-	29.0	
Interest Bearing Loans (US\$m)	-	28.0	-100%
Hedging Liability (US\$m)	-	-	
<b>Share Capital</b>			
Shares Outstanding (m)	228.9	206.1	-11%
Insider Holdings (%)	1.59%	1.77%	-10%
Share Price (C\$) (End of Qtr)	8.15	8.59	-5%

^ Includes Akwaaba Deeps underground development and Chirano and Tasiast expansion.

### Operational

- Red Back Mining (TSX: RBI) has seen a marginal decline in production levels for the March quarter 09 as the average grade of material mined fell 7% to 2.50g/t. Despite the fall in grades, cash costs improved 5% from US\$437/oz to US\$414/oz. This was predominantly due to an improvement in

performance at Tasiast where, despite lower production (13%), cash costs declined 13% due to lower processing costs. Cash costs at Chirano increased marginally (2%) despite higher production levels.

- Development costs were marginally higher at US\$149/oz for the quarter negating some of the benefits associated with improved operational cash costs. The big ticket item for development was again the open pit cut backs undertaken to access additional ore reserves at Chirano (US\$91/oz). The total cash cost was virtually steady at US\$563/oz.
- A 17% increase in the average gold price received to US\$917/oz led to a 50% increase in the overall gross margin to US\$354/oz.

## Quarterly Operational Summary

Project	Mar Qtr			Dec Qtr			Variance		
	oz	g/t	Cash Cost	oz	g/t	Cash Cost	oz	g/t	Cash Cost
Chirano	34,258	2.0	535	31,346	2.0	523	9%	0%	2%
Tasiast	36,150	3.4	299	41,318	3.7	343	13%	8%	-13%
	<b>70,408</b>	<b>2.5</b>	<b>414</b>	<b>72,664</b>	<b>2.7</b>	<b>421</b>	<b>-3%</b>	<b>7%</b>	<b>-2%</b>

## Investment

- Investment activities for the March quarter were moderately less than the previous quarter as the expansion plans for both Chirano and Tasiast start nearing completion.
- The Tasiast plant expansion continues on schedule and the milling circuit will be commissioned in the second quarter. First commercial scale recoveries from dump leach operations are also expected in the second quarter.
- The Chirano plant expansion is also on track with the crushing circuit now commissioned and the expanded plant commissioning scheduled for the third quarter of 2009. The Akwaaba Deeps development remains on schedule with the first sub level cave production expected in the second quarter.

## Extraordinary Investment

- During the quarter Red Back sold their position in Mineral Deposits with the proceeds used to repay bank debt associated with the original investment.

## Corporate

- Interest costs declined during the quarter due to the repayment of debt.
- The corporate costs for the March quarter were lower.

## Cash Surplus/Deficit

- Red Back recorded a net cash surplus for the March quarter. The sales proceeds from the sale of Minerals Deposits shares largely offset the ongoing capital expenditure associated with the expansion plans. The company still believes it is on track to achieve its full year production target of 400,000 oz.

## Balance Sheet

- Proceeds from the issue of shares resulted in an increase in cash to US\$135m (see Share Capital section for details). All the remaining capital costs for the plant expansion at Tasiast and Chirano and the Akwaaba Deeps underground development are now fully funded.
- As mentioned previously, the sales proceeds from Mineral Deposits shares were used to pay off bank debt.

## Share Capital

- C\$165m was raised during the quarter in a bought-deal equity financing at C\$7.50/share.

## Closing Comments

It has very much been a consolidation quarter for Red Back as it strengthens its balance sheet in preparation for expansion. In a recent announcement, the company expressed its intention to take over Canadian gold junior Moto Goldmines (TSX: MGL). The transaction is worth over C\$500m with 1 MGL share exchanged for 0.45 of a Red Back share. Moto is developing a gold project (70% interest) in the Democratic Republic of Congo. The project has a global resource of over 22 Million oz which makes it one of the biggest undeveloped gold mines in Africa. In a recent optimized feasibility study, a probable open pit and underground mineral reserve of 5.5 Million oz was highlighted at an average grade of 4.0g/t. Annual production of 484,000 oz per annum is scheduled for the first 5 years at an average cash cost of US\$303/oz. Pre-production capital is estimated at US\$438m. Red Back continues to demonstrate a strong appetite for political risk in exchange for quality resources as it embarks on the next stage of its evolution.

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